

# ISAS Special Report

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## Security and Governance in the Indian Ocean<sup>1</sup>

*The inaugural ISAS Distinguished Visitors Programme Public Forum on the Indian Ocean was held to discuss evolving maritime dynamics between countries in the Indian Ocean region. Over the past couple of decades, the world's center of political and economic activity has shifted eastwards and the Indian Ocean has evolved into a global intersection point for trade, energy, environment and geostrategic concerns.*

Liyana Othman and Faiza Saleem<sup>2</sup>

Ambassador Gopinath Pillai, Chairman of the Institute of South Asian Studies (ISAS) and Ambassador-at-Large at the Ministry of Foreign Affairs Singapore, opened the first ISAS Distinguished Visitors Programme Public Forum on the Indian Ocean with his welcome remarks. He emphasized the importance of studying the Indian Ocean within the realm of South Asian studies. Special guests were welcomed, including Mr Bilahari Kausikan, former Permanent Secretary at the Ministry of Foreign Affairs Singapore.

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<sup>1</sup> This is a Special Report on the inaugural ISAS Distinguished Visitors Programme Public Forum on 'The Indian Ocean', held on 9 January 2017, organized by the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. The ISAS Distinguished Visitors Programme is promoted by ISAS and supported by the Ministry of Foreign Affairs Singapore.

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Ambassador Pillai's opening remarks were followed by the keynote address on 'Security in the Indian Ocean' by Mr Shivshankar Menon, Former National Security Advisor to the Prime Minister of India, Chairman of the Advisory Board at the Institute of Chinese Studies in Delhi, and Distinguished Fellow at Brookings Institution in Washington.

Mr Shivshankar Menon's address was followed by a presentation on 'Sri Lanka's Role in the Indian Ocean and the Changing Global Dynamic' by Dr Harsha de Silva, Deputy Minister for Foreign Affairs of Sri Lanka. He was followed by Mr Sanjeev Sanyal, Economist and Visiting Fellow at the Infrastructure Development Finance Company (IDFC) Institute, Mumbai who spoke on the 'The Indian Ocean in Historical Perspective'.

## **Significance of the Indian Ocean**

Mr Menon presented an in-depth analysis of the current geopolitical and security climate in the Indian Ocean, illustrating its importance as a lifeline for international trade and energy flows. Much of the world's trade passes through the Indian Ocean, yet the region is one of the least economically integrated in the world, accounting for over 35% of global population, yet contributing only 10% to global Gross Domestic Product (GDP). In his presentation, Dr de Silva also pointed out that the Indian Ocean economies are more integrated with the rest of the world than with each other, unlike the Asia-Pacific.

Mr Menon explained that currently there is heightened interest and activity in the Indian Ocean region. This is visible in a number of ways. Firstly, the Indian Ocean is home to the most important strategic chokepoints in the world, for instance most of the energy flows to India and China pass through the harbours in Malacca. Secondly, there is intensive naval build-up and militarization in the Indian Ocean through investments in submarines, offensive weaponry and construction of military bases by the surrounding states. Thirdly, the region faces diverse, non-traditional security challenges such as piracy, drug smuggling and human trafficking, including a growing demand for humanitarian and disaster relief led by environmental change. Lastly, extra-regional powers are increasingly attentive to the Indian Ocean region. For instance, in the 1990s, the piracy attacks in the Malacca Straits received scant attention, but in 2004, the piracy incidents in the Gulf of Aden attracted the attention of the United States of America, European Union and NATO countries.

## **History of the Indian Ocean**

The current geopolitical and geoeconomic significance of the Indian Ocean reflects its 5000-year history. In his presentation, Mr Sanjeev Sanyal provided a detailed historical perspective of the Indian Ocean.

He began his presentation by discussing the bilateral trade between the western coast of India and the Roman Empire. India's exports to the Roman Empire in those two centuries included cotton, textiles, spices and iron and steel goods. The supply chain for spices originated from China, travelling through Southeast Asia to India, and finally to the Roman Empire. Bilateral trade between the two regions was so powerful that it continued for hundreds of years even after the collapse of the Roman Empire. Through this example, Mr Sanyal demonstrated how seemingly fragile systems can continue perpetuating themselves for long periods of time and compared it to the current world system of trade where America runs a deficit and China runs a surplus. The deficit is paid by printing dollars, but because the demand for dollars is strong, the currency keeps strengthening. Therefore, the system maintains itself.

Mr Sanyal also reminded the audience about China's prominent history in the Indian Ocean. In the 11<sup>th</sup> century, the Chinese exerted their influence through ruling kingdoms across the region. They undermined and helped bring about the eventual collapse of the Majapahit Empire, which at the time was the most commanding maritime power in the IOR. The Ming dynasty also financed massive expeditions along the trading routes in the Indian Ocean, seeking and attaining dominance in the region. These expeditions were aimed at projecting geo-political power in the Indian Ocean, similar to the way modern China attempts to project power. However, as Mr Sanyal pointed out, domestic politics and international events can be unpredictable, having a far-reaching impact on the foreign policy of a nation. By 1430, it seemed as if China would dominate the Indian Ocean for a long time, however the sudden death of the Ming Emperor changed dynamics altogether. Confucian Mandarins, who ran the government, became more powerful. They slowed down the government machinery and cut funding. As a result, the Chinese Navy fell into disuse and rot. A few decades later, in the late fifteenth century, this massive vacuum enabled the emergence of the Portuguese as the dominant actor in the Indian Ocean region.

## **Security Architecture in the Indian Ocean**

All three speakers underscored the importance of a security architecture. Mr Menon elaborated on the fragile peace in the Indian Ocean, which exists without an overarching security framework, unlike in other oceans. In his opinion, the present calm was attributable to multiple local balances and independent decisions rather than through a coalition of powers or single power enforcing dominance.

Dr de Silva noted that the renewed interest in Asia will bring vulnerability to competition among major naval powers and the Indian Ocean as a central geostrategic space. Similar to Mr Menon, he spoke about the multi-polar characteristics and diversity of regional and ideological alliances in the Indian Ocean, comparing it to the Pacific Ocean which is affected by its proximity to the United States, centrality to the US security policies and the rise of Chinese naval power.

Dr de Silva explained that the Indian Ocean is in need of a 'mutually benefiting security architecture established on a multilateral basis', with an effective structure of governance in which no one state is allowed to dominate. Sri Lanka, he argued, intends to play a key role in drafting an Indian Ocean Order with accepted rules and agreements to guide interactions between states. It would also uphold the freedom of navigation in the Indian Ocean and enhance economic cooperation among countries in the region. This was similar to Mr Menon's recommendations on the need to gradually build a security architecture, comprising the littoral and Indian Ocean Naval Symposium (IONS) states as well as extra-regional powers. Mr Menon suggested using existing institutions such as IONS, the Indian Ocean Rim Association (IORA) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) to develop habits of cooperation and encourage institutionalization of rules among Indian Ocean states. This would simultaneously help to decide core issues such as maritime code of conduct, legal issues, policing and applicability of the United Nations Convention on the Law of the Sea (UNCLOS).

Mr Sanyal used historical references to explain that a flexible security architecture was required in the Indian Ocean. In his opinion, a system that is large and rigid may actually be more fragile than a dispersed, but flexible one. In the long run, flexible systems last longer because their fault lines are more dispersed and they are more adaptable.

## **Security Threats and Complexity of Geopolitics in the Indian Ocean**

The geopolitical environment of the Indian Ocean is complex. In his presentation, Mr Menon pointed towards the multi-faceted security threats facing the region. The Ocean is home to key strategic chokepoints, and extremist organizations are attempting to create a presence around them, for example, Al-Qaeda is based near the Bab-el-Mandeb and the Islamic State of Iraq and Syria (ISIS) is near the Arabian Sea. At the same time, new technological innovations in military warfare and equipment also pose a significant threat to Indian Ocean maritime security.

Along with security threats, states around the Indian Ocean are facing a growing phenomenon of ultra-nationalism. According to Mr Menon, this may lead to difficulties in conflict resolution and hamper efforts to build institutions that help with security. However, there is cause for optimism since countries have in the past, shown willingness to implement the United Nations Convention on the Law of the Sea (UNCLOS). Therefore, existing security challenges may not be insurmountable.

India and China's rivalry in the Indian Ocean is another cause for concern. To that end, Mr Menon explained that the Indian Ocean should not be seen as an ocean only for the Indians, which reflects a territorial view of the seas. In response to a question, he elaborated on India's position, which perceives the Ocean as multi-verse, not uni-verse. China's presence in it has become permanent in 2008, since they first participated in counter piracy and Chinese submarines have been patrolling in the Indian Ocean since 2014. India is aware of China's presence, its influence in the region and appreciates the need to work together. Therefore, mutual dependency and reliance on freedom of navigation in the Indian Ocean are some guiding principles constantly being worked on by India and China, with the goal of strengthening maritime cooperation in the region.

Dr de Silva also emphasized that the Indian Ocean plays a crucial role in the futures of both China and India. The sea routes are key to both countries' trade and energy supply. Therefore, no one power can ensure security without enlisting help from their neighbours around the Indian Ocean region.

At present, the lack of institutions and dialogue mechanisms have led nations to suspect the worse of each other, leading to security dilemmas. Hence, Mr Menon recommended the need

for nations to understand each other's doctrines, postures and core interests across the region. He gave the example of India and Pakistan and pointed out that since the two went overtly nuclear, the possibility of a large-scale conventional war has come down. He saw a similar situation in the Indian Ocean. The intensive militarization can now lead to an equilibrium that achieves strategic stability.

## **Sri Lanka as a Hub of the Indian Ocean**

Dr de Silva spoke at length about the role of Sri Lanka, not only as a South Asian nation, but as one of the key economies driving maritime trade in the Indian Ocean. He pointed out that Sri Lanka has gone through much turbulence in recent years, but with a change in leadership, was once again on the path of economic growth and prosperity.

Dr de Silva explained that Sri Lanka realizes that its economic development is reliant on how it presents itself as a strategic location in the Indian Ocean. The rapid pace of globalization, significant events around the world—Brexit, possible European Union exits, potential trade policies of the United States (at the time) President-elect Donald Trump—and the interactions between China and the United States have contributed to a sense of uncertainty in the region, presenting challenges and opportunities for countries in the Indian Ocean region.

Dr de Silva also described Sri Lanka's illustrious maritime history. Its strategic navigational and geographical advantages allowed it to feature prominently in spice and maritime silk routes. The peaceful geopolitical climate allowed international trade through the Indian Ocean to flourish, and Sri Lanka naturally profited from being the transit and terminal point of luxury products such as gems and pearls. With increased investment from regional economies especially Japan and China, Sri Lanka has the opportunity to re-position itself, once again leverage its geostrategic advantage, and become a hub of the Indian Ocean.

Sri Lanka's development strategy is to capture trade opportunities with the target of increasing exports by nearly 80%, to USD 20 billion by 2020. Hence, the government of Sri Lanka is undertaking economic and legal reform to facilitate trade and foreign investment.

Sri Lanka's active involvement in establishing Free Trade Agreements (FTAs) with its regional partners was also elaborated upon by Dr de Silva. It is focusing on building strong bilateral

relations with the Bay of Bengal partners as well as other countries in South Asia. In particular, India and Sri Lanka have the mutual goal of achieving the Indo-Sri Lanka Economic and Technology Cooperative Agreement (ETCA) by 2017, which would allow both parties the ability for freer movement of goods and services, as well as cooperation on technology and investment.

In response to a question from the audience, Dr de Silva explained that Sri Lanka wishes to maintain close ties with both India and China, however the nature of the relationship is different. Sri Lanka and India have trade agreements and credit lines worth hundreds of millions, but the latter has not undertaken any direct foreign investment. China on the other hand, continues to bring investments worth billions of dollars to build ports and industry and upgrade Sri Lanka's economy.

## **Conclusion**

The public forum highlighted the geopolitical and geostrategic importance of the Indian Ocean. As the economic center of gravity shifts eastwards, towards Asia, the region faces dynamic challenges as well as opportunities. The three speakers unanimously called for a security architecture involving regional and extra-regional powers, to improve cooperation and build institutions, without the supremacy of any one power. It was recognized that instead of an overarching, rigid structure, small steps would be beneficial to improving maritime security, humanitarian and disaster relief and cooperation.

The ISAS Distinguished Visitors Programme is a platform for international thought leaders and scholars to come to Singapore and share insights on regional and international issues. This inaugural session was successful in bringing together eminent personalities from Singapore, India and Sri Lanka to discuss the importance of the Indian Ocean for peace and security in the region, including Singapore. It drove home the point that in spite of the militarization and long-standing rivalries, nations will need to come together to ensure the security of their shores.

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